

Senate File 270 - Enrolled

SENATE FILE 270

AN ACT

TRANSFERRING THE AUTHORITY TO REGISTER POSTSECONDARY SCHOOLS FROM THE SECRETARY OF STATE TO THE COLLEGE STUDENT AID COMMISSION AND PROVIDING FOR RELATED MATTERS, AND MAKING PENALTIES APPLICABLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 261.2, subsection 7, unnumbered paragraph 1, Code 2009, is amended to read as follows:

Adopt rules to establish reasonable registration standards for the approval, pursuant to section 261B.3A, of postsecondary schools that are required to register with the ~~secretary of state commission~~ in order to operate in this state. The registration standards established by the commission shall ensure that all of the following conditions are satisfied:

Sec. 2. Section 261.2, subsection 8, Code 2009, is amended by striking the subsection.

Sec. 3. Section 261B.2, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 0A. "Commission" means the college student aid commission created pursuant to section 261.1.

Sec. 4. Section 261B.2, subsection 4, Code 2009, is amended by striking the subsection.

Sec. 5. Section 261B.3, Code 2009, is amended to read as follows:

261B.3 REGISTRATION.

1. ~~A~~ Except as provided in section 261B.11, a school that maintains or conducts one or more courses of instruction, including courses of instruction by correspondence or other distance delivery method, offered in this state or which has a presence in this state and offers courses in other states or foreign countries shall register with the ~~secretary commission~~. Registrations shall be renewed every four years or upon any substantive change in ~~program offerings~~, location, or accreditation. Registration shall be made on application forms approved and supplied by the ~~secretary commission~~ and at the time and in the manner prescribed by the ~~secretary commission~~. Upon receipt of a complete and accurate registration application, the ~~secretary commission~~ shall issue an acknowledgment of document filed and send it to the school.

2. The ~~secretary commission~~ may request additional information as necessary to enable the ~~secretary commission~~ to determine the accuracy and completeness of the information contained in the registration application. If the ~~secretary commission~~ believes that false, misleading, or incomplete information has been submitted in connection with an application for registration, the ~~secretary commission~~ may deny registration. The ~~secretary commission~~ shall conduct a hearing on the denial if a hearing is requested by a school. The ~~secretary commission~~ may withhold an acknowledgment of document filed pending the outcome of the hearing. Upon a finding after the hearing that information contained in the registration application is false, misleading, or incomplete, the ~~secretary commission~~ shall deny an acknowledgment of document filed to the school. The ~~secretary commission~~ shall make the final decision on each registration. However, the decision of the ~~secretary commission~~ is subject to judicial review in accordance with section 17A.19.

3. The ~~secretary commission~~ shall adopt rules under chapter 17A for the implementation of this chapter.

Sec. 6. Section 261B.3A, Code 2009, is amended to read as follows:

261B.3A REQUIREMENTS.

1. In order to register, a school shall be accredited by an agency or organization approved or recognized by the United States department of education or a successor agency, be approved by any other state agency authorized to approve the school in this state, and, except as provided in subsection 2 ~~subsequently, be approved for operation by the college student aid commission.~~

2. A practitioner preparation program that is operated by a school that applies to register the program in accordance with this chapter shall, in order to register, be accredited by an agency or organization approved or recognized by the United States department of education or a successor agency ~~and, in addition, be approved by the state board of education pursuant to section 256.7, subsection 3, and, subsequently, be approved for operation by the commission.~~

~~3. Nothing in this chapter shall be construed to exempt a school from the requirements of chapter 490 or 491.~~

Sec. 7. Section 261B.4, unnumbered paragraph 1, Code 2009, is amended to read as follows:

As a basis for registration, schools shall provide the ~~secretary commission~~ with the following information:

Sec. 8. Section 261B.5, Code 2009, is amended to read as follows:

261B.5 CHANGES.

If any information provided to the ~~secretary commission~~ under section 261B.3 or 261B.4 changes, the school shall inform the ~~secretary commission~~ within ninety days of the effective date of the change ~~on forms prescribed and furnished in the format specified by the secretary commission.~~

Sec. 9. Section 261B.6, Code 2009, is amended to read as follows:

261B.6 LIST OF SCHOOLS.

The ~~secretary commission~~ shall maintain a list of registered schools and the list and the information submitted under sections 261B.3 and 261B.4 are public records under chapter 22.

Sec. 10. Section 261B.7, Code 2009, is amended to read as follows:

261B.7 UNAUTHORIZED REPRESENTATION.

Neither a school nor its officials or employees shall advertise or represent that the school is approved or accredited by the ~~secretary commission~~ or the state of Iowa nor shall it use the registration as a reference in promotional materials.

Sec. 11. Section 261B.8, subsection 1, Code 2009, is amended to read as follows:

1. The ~~secretary commission~~ shall set by rule and collect a nonrefundable initial registration fee and a renewal of registration fee from each registered school.

Sec. 12. Section 261B.10, Code 2009, is amended by striking the section and inserting in lieu thereof the following:

261B.10 ADVISORY COMMITTEE.

1. The commission shall establish an advisory committee on postsecondary registration to review and make recommendations relating to applications from schools required to register pursuant to this chapter. The commission shall adopt rules establishing the policies and procedures of the advisory committee. Meetings of the advisory committee are subject to the requirements of chapter 21.

2. The members of the advisory committee on postsecondary registration shall include one representative from the commission and one representative from each of the following:

- a. The state board of regents.
- b. The department of education.
- c. The office of the attorney general.
- d. A community college located in this state.
- e. A not-for-profit accredited private institution as defined in section 261.9, incorporated or otherwise organized under the laws of this state.
- f. A for-profit accredited private institution as defined in section 261.9, subsection 1, incorporated or otherwise organized under the laws of this state.

Sec. 13. Section 261B.11, subsections 8 and 9, Code 2009, are amended to read as follows:

8. Schools and educational programs conducted by religious organizations solely for the religious instruction of ~~members~~ leadership practitioners of that religious organization.

9. Postsecondary educational institutions licensed by the state of Iowa prior to July 1, 2009, to conduct business in the state.

Sec. 14. Section 261B.12, Code 2009, is amended to read as follows:

261B.12 VIOLATIONS == ENFORCEMENT.

1. When the ~~secretary commission~~ or the ~~secretary's commission's~~ designee believes a school is in violation of this chapter, the ~~secretary commission~~ shall order the school to show cause why the ~~secretary commission~~ should not issue a

cease and desist order to the school.

2. After the school's response to the show cause order has been reviewed by the ~~secretary commission~~, the ~~secretary commission~~ may issue a cease and desist order to the school if the ~~secretary commission~~ believes the school continues to be in violation of this chapter. If the school does not cease and desist, the ~~secretary commission~~ may seek judicial enforcement of the cease and desist order in any district court.

3. A violation of this chapter constitutes an unlawful practice pursuant to section 714.16.

Sec. 15. Section 714.18, Code 2009, is amended to read as follows:

714.18 EVIDENCE OF FINANCIAL RESPONSIBILITY.

1. Except as otherwise provided in subsection ~~4~~ 2, every person, firm, association, or corporation maintaining or conducting in Iowa any such course of instruction, by classroom instruction or by correspondence, or other distance delivery method, or soliciting in Iowa the sale of such course, shall file with the ~~secretary of state college student aid commission~~ the following:

~~1- a.~~ A continuous corporate surety bond to the state of Iowa in the sum of fifty thousand dollars conditioned for the faithful performance of all contracts and agreements with students made by such person, firm, association, or corporation, or their salespersons; but the aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the sum of the bond. The surety on the bond may cancel the bond upon giving thirty days' written notice to the ~~secretary of state college student aid commission~~ and thereafter shall be relieved of liability for any breach of condition occurring after the effective date of the cancellation.

~~2- b.~~ A statement designating a resident agent for the purpose of receiving service in civil actions. In the absence of such designation, service may be had upon the secretary of state if service cannot otherwise be made in this state.

~~3- c.~~ A copy of any catalog, prospectus, brochure, or other advertising material intended for distribution in Iowa. Such material shall state the cost of the course offered, the schedule of refunds for portions of the course not completed, and if no refunds are to be paid, the material shall so state. Any contract induced by advertising materials not previously filed as provided in this chapter shall be voidable on the part of the pupil or any person liable for the tuition provided for in the contract.

~~4- 2.~~ A school licensed under the provisions of section 157.8 or 158.7 shall file with the ~~secretary of state college student aid commission~~ the following:

a. (1) A continuous corporate surety bond to the state of Iowa in the sum of fifty thousand dollars or ten percent of the total annual tuition collected, whichever is less, conditioned for the faithful performance of all contracts and agreements with students made by such school. A school desiring to file a surety bond based on a percentage of annual tuition shall provide to the ~~secretary of state college student aid commission~~, in the form prescribed by the ~~secretary commission~~, a notarized statement attesting to the total amount of tuition collected in the preceding twelve-month period. The ~~secretary commission~~ shall determine the sufficiency of the statement and the amount of the bond. Tuition information submitted pursuant to this ~~paragraph subparagraph~~ shall be kept confidential.

(2) If the school has filed a performance bond with an agency of the United States government pursuant to federal law, the ~~secretary of state college student aid commission~~ shall reduce the bond required by this paragraph "a" by an amount equal to the amount of the federal bond.

(3) The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the sum of the bond. The surety on the bond may cancel the bond upon giving thirty days' written notice to the ~~secretary of state college student aid commission~~ and thereafter shall be relieved of liability for any breach of condition occurring after the effective date of the cancellation.

(4) The ~~secretary of state college student aid commission~~ may accept a letter of credit from a bank in lieu of the corporate surety bond required by this paragraph "a".

b. The statement required in subsection ~~2~~ 1, ~~paragraph~~ "b".

c. The materials required in subsection ~~3~~ 1, ~~paragraph~~

"c".

Sec. 16. NEW SECTION. 714.21A CIVIL ENFORCEMENT.

A violation of chapter 261B, or section 714.17, 714.18, 714.20, 714.23, or 714.25 constitutes an unlawful practice pursuant to section 714.16.

Sec. 17. Section 714.22, subsections 1 and 2, Code 2009, are amended to read as follows:

1. File a bond or a bond is filed on their behalf by a parent corporation with the ~~secretary of state~~ college student aid commission as required by section 714.18.

2. File an annual sworn statement, or such statement is filed on their behalf by a parent corporation, certified by a certified public accountant, showing all assets and liabilities of the trade or vocational school and the assets of any parent corporation. The statement shall show the trade or vocational school's net worth, or the net worth of the parent corporation, to be not less than five times the amount of the bond required by section 714.18. If a parent corporation files the statement or its net worth is included in the statement to comply with this subsection, the parent corporation shall appoint a registered agent and otherwise is subject to section 714.18, subsection ~~2~~ 1, paragraph "b", and is liable for the breach of any contract or agreement with students as well as liable for any fraud in connection with the contract or agreement or for any violation of section 714.16 by the trade or vocational school or any of its agents or salespersons.

JOHN P. KIBBIE
President of the Senate

PATRICK J. MURPHY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 270, Eighty-third General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2009

CHESTER J. CULVER
Governor